

Segmenting the Ethnic Restaurant Market:

A Test of the Moderating Effect of Restaurant Type on Attributes/Satisfaction Relationship

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ABSTRACT

The purposes of this study are: 1) to segment ethnic restaurant market on a basis of customer preferences and types of ethnic restaurant; 2) to assess the effects of dining attributes on customers' satisfaction and post-dining behavior intentions; and 3) to test the moderating effects of ethnic restaurant types and culture (ethnic and non-ethnic customers) on the relationship between dining attributes and satisfaction. The empirical results from this study will provide insight into customers' needs and preferences in the ethnic restaurant market. This information might help restaurant managers to develop product services that are tailored to specific needs of customers.

Keywords: *Ethnic restaurant, restaurant attributes, satisfaction, behavioral intention*

INTRODUCTION AND LITERATURE PREVIEW

The growing global cultural diversity drives rapid growth for the ethnic food market. According to Agriculture and Agri-Food Canada (2008), the market for ethnic food in the U.S. has grown significantly over the past decade from \$37 billion in 1997 to \$53 billion in 2002 and more than 50% of these amounts are attributed to the restaurant industry. The information from Agriculture and Agri-Food Canada (2008) also shows that the size of the minority population is projected to reach one-third of the total population in 2010. As a result, the U.S. ethnic food market is expected to continue to grow and generate about \$112 billion by 2015 (Canada 2008).

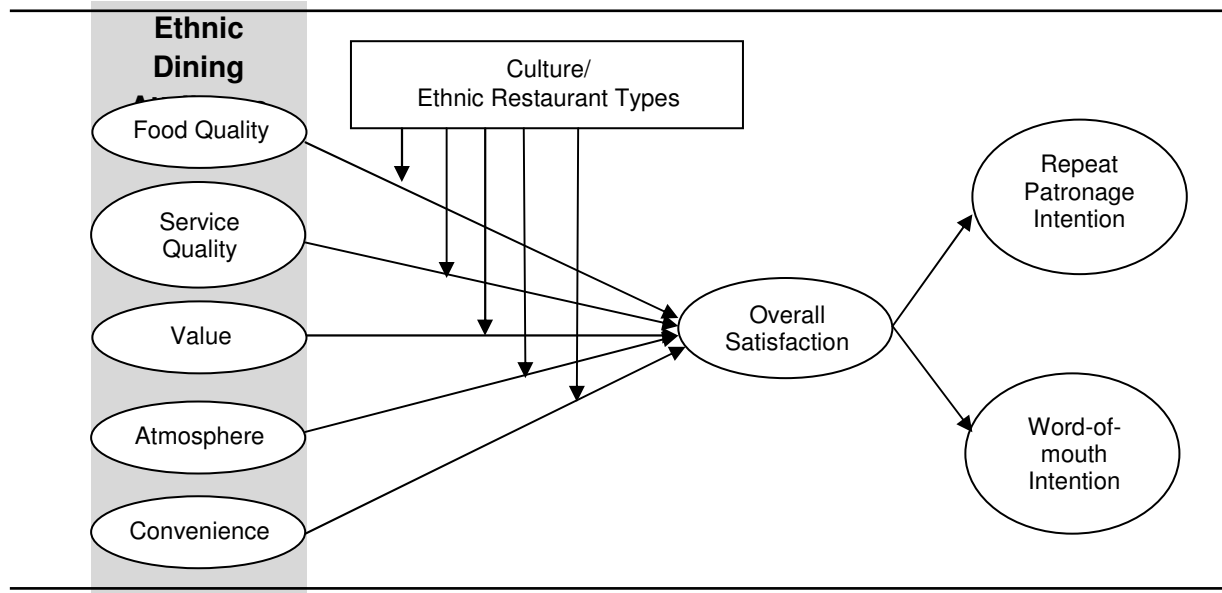
The tremendous growth in the ethnic restaurants market imposes the need to better understand customers' needs and preferences in this segment. Yet our knowledge in this area is limited. A few academic studies have provided information regarding ethnic restaurants. Among

these studies, identifying the important selection attributes toward a particular ethnic restaurant was the main focus. The results of the studies indicated that food taste and service quality are the most important factors in selecting Chinese restaurants (Qu, 1997). In addition to food quality, cleanliness is another factor for choosing Indian restaurants (Josiam & Monteiro, 2004). Besides a topic on restaurant selection factors, eating-out motivation and satisfaction attributes were other topics that have been discussed but have been very limited. A study conducted by Jang and Ha (2009), for example, examined motivation for patronage Asian dining. Their findings showed that the main reason for patronage Chinese, Japanese, and Thai restaurants was indulgence, and for patronage Indian and Korean restaurants was discovery. By examining satisfaction attributes, Liu and Jang (2009) concluded that key successes for Chinese restaurants were food taste and service quality.

Although, the previous studies have provided some information regarding the ethnic restaurant market, several topics have not been examined. Thus, this study aims to fill the gap, with particular interest given to Asian dining markets. More specifically, the objectives of the study are: 1) to segment the Asian restaurant market on the basis of customer preferences and ethnic restaurant types; 2) to assess the effects of ethnic dining attributes on customers' satisfaction and post-dining behavior intentions; and 3) to test the moderating effects of ethnic restaurant types (Japanese, Thai, and Chinese) and culture (ethnic and non-ethnic customers) on the relationship between dining attributes and satisfaction. Specifically, we propose the following hypothesis:

- H1:** Food quality positively relates to overall satisfaction.
- H2:** Service quality positively relates to overall satisfaction.
- H3:** Value is positively relates to overall satisfaction.
- H4:** Atmosphere positively relates to overall satisfaction.
- H5:** Convenience positively relates to overall satisfaction.
- H6:** Overall satisfaction positively relates to repeat patronage intention.
- H7:** Overall satisfaction positively relates to word-of-mouth intention.
- H8:** Culture moderates the structural relationships among ethnic dining attributes and overall satisfaction
- H9:** types of restaurant moderates the structural relationships among ethnic dining attributes and overall satisfaction

Figure 1. Hypothesized Model of the Effects of Ethnic Restaurant Attributes on Overall Satisfaction, and Post-Dining Behavior Intentions



PROPOSED METHODOLOGY

Instrument

The study will use a close-ended questionnaire as a primary tool to collect data. The questionnaire will be distributed as an electronic mail survey. The questionnaire will consist of five main sections. First, respondents will be asked general questions about Thai, Chinese, and Japanese dining, for example, how often they dine at the restaurants each week. Second, respondents will be asked about their dining preferences. Third, respondents will be asked to rate their satisfaction for each ethnic dining attribute, overall satisfaction, repeat patronage intention, and word-of-mouth intention. Finally, respondents will be asked about their demographics. Questions or items of all attributes will be developed based on previous empirical studies and will be measured on a five-point Likert-type scale, where “1” represents “strongly disagree” and “5” represents “strongly agree.”

Sampling

The target population of the study will be customers who have had Thai, Japanese, or Chinese restaurant experiences before a survey is conducted. Sample size will be determined by the confidence interval approach. Therefore, to obtain 95% accuracy at the 95% confidence level, sample size will be

$$n = \frac{z^2(pq)}{e^2} = \frac{1.96^2(0.5 \times 0.5)}{0.05^2} = 384$$

Where z is standard error for 95% confidence level, p is estimated variability in the population (estimated to be 50%), $q = 1 - p$ and e is acceptable error $\pm 5\%$.

Non-probability samples with a convenience sample approach will be used to conduct the survey. The electronic mail survey will be distributed to the target population until 384 questionnaires are returned with completed information.

Data analysis

A series of analyses will be conducted in order to achieve the objectives of the study. These analyses are descriptive analysis, cluster analysis, confirmatory factor analysis, structural equation modeling, and multiple group analysis. First, respondents' demographic profiles will be developed. Second, a cluster analysis will be used to classify customers on the basis of their preferences and ethnic restaurant types. Third, a confirmatory factor analysis will be used to assess the fit of the measurement model. Then the structural equation analysis will be used to test the effects of ethnic dining attributes on satisfaction and repeat patronage intentions, as well as word of mouth intention. Finally, a multiple group analysis will be used to test the moderating effects of culture and ethnic restaurant types.

SIGNIFICANCE OF STUDY

Given our limited knowledge about the ethnic restaurant market, this study provides further insight into customers' needs and preferences which might help restaurant managers to develop marketing plans and strategies more effectively. Specifically, the first part of this research will divide the market into several homogeneous segments based on their preferences and types of ethnic restaurant. This information will help ethnic restaurant managers develop food menu or food-related services that are tailored to specific needs and preferences of each segment. The second and third parts of the study will provide information about which dining attributes have the most effect on customers' overall satisfaction and their intentions to return and spread positive word-of-mouth.

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